

RESOLUTION NO. \_\_\_, SERIES 2010

A RESOLUTION OF THE LOUISVILLE/JEFFERSON COUNTY METRO COUNCIL APPROVING THE APPLICATION OF LAS PALMAS HEADQUARTERS, LLC FOR INDUSTRIAL BUILDING REVENUE BOND FINANCING OF AN INDUSTRIAL BUILDING PROJECT; UNDERTAKING THE ISSUANCE OF INDUSTRIAL BUILDING REVENUE BONDS TO FINANCE THE PROJECT; AND TAKING OTHER PRELIMINARY ACTION

Sponsored By: Councilman Stuart Benson, District 20

Recitals

A. Louisville/Jefferson County Metro Government (“Metro Government”) is a consolidated local government and political subdivision of the Commonwealth of Kentucky (the "Commonwealth") and as such is authorized by the Industrial Buildings for Cities and Counties Act, as amended, KRS 103.200 to 103.285 (the "Act"), to issue industrial building revenue bonds for the purpose of defraying the cost of any "industrial building" (as defined in the Act), including specifically land, buildings, improvements, equipment, machinery, and other facilities suitable for use as health-care or related facilities, including nursing homes and long-term care facilities, and office space related and subordinate to such facilities;

B. Las Palmas Headquarters, LLC (the “Company”), a Kentucky limited liability company, has applied to Metro Government for (i) the issuance pursuant to the Act of industrial building revenue bonds of Metro Government in the aggregate principal amount of \$6,700,000, consisting of (a) bonds in the principal amount of \$4,690,000 qualifying under section 1400U-3 of the Internal Revenue Code as tax-exempt recovery zone facility bonds (the “Series A Bonds”) and (b) taxable industrial building revenue bonds in the principal amount of \$2,010,000 (the “Series B Bonds” and, collectively with the Series A Bonds, the “Bonds”) to finance the acquisition and improvement of an existing office building and the site thereof at 12201 Bluegrass Parkway, Jeffersontown Kentucky, within the boundaries of Metro Government (the land, building, improvements, furniture, fixtures, and equipment comprising property being hereinafter collectively referred to as the “Project”), to be leased by Metro Government to the Company and to be subleased by the Company to Signature Healthcare, LLC (the “Sublessee”), a Delaware limited liability company authorized to do business in the Commonwealth, for use and occupancy by the Sublessee as the headquarters for its business of owning and operating long-term healthcare facilities, and (ii) the execution of a lease (the “Lease”) by and between Metro Government, as lessor, and the Company, as lessee, pursuant to which the Company will make rental payments sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due and any other costs of Metro Government incurred in connection with the Bonds and the Project.

C. By its Ordinance No. 162, Series 2009, the Legislative Council of Louisville/Jefferson County Metro Government (the “Metro Council”) designated all of

Jefferson County as a recovery zone under section 1400U-1(b)(1) of the Internal Revenue Code and IRS Notice 2009-50.

NOW, THEREFORE, BE IT RESOLVED by the Legislative Council of Louisville/Jefferson County Metro Government (the “Metro Council”) as follows:

1. Metro Council hereby finds and determines that the acquisition and improvement of the Project to be leased by Metro Government to the Company and to be subleased by the Company to the Sublessee for use and occupancy by the Sublessee as the headquarters for its business of owning and operating long-term healthcare facilities will tend to accomplish the public purposes of the Act by promoting the economic development of the Commonwealth, relieving conditions of unemployment, and encouraging the increase of industry therein.

2. Metro Government hereby undertakes to issue the Bonds in the aggregate principal amount of \$6,700,000 to finance the costs of the acquisition and improvement of the Project for lease to the Company pursuant to the Lease to be executed by and between Metro Government, as lessor, and the Company, as lessee. The issuance of the Bonds shall be conditioned upon the negotiation of terms of the Bonds and the Lease which are in conformity with the Act and acceptable to Metro Government, the Company, and the purchasers of the Bonds.

3. As a further condition to the issuance of the Bonds, the Company and the Jefferson County School District and the Jeffersontown Fire Protection District (collectively the “Special Taxing Districts”) shall enter into an agreement (a payment in lieu of tax, or PILOT, agreement) pursuant to which the Company shall make payments to the Special Taxing Districts in amounts equal to and at the same times as the *ad valorem* taxes that would otherwise be due to the respective Special Taxing Districts with respect to the Project.

4. Metro Government shall join with the Company in applying to the Kentucky Economic Development Finance Authority (“KEDFA”) pursuant to KRS 103.210(1) for KEDFA’s approval of reduced *ad valorem* taxation of the Project under KRS 132.020(1)(b), subject to the PILOT agreement referenced above.

5. Metro Government hereby reserves for the Series A Bonds \$4,690,000 of its recovery zone facility bond limitation under section 1400U-1 and IRS Notice 2009-50.

6. Metro Government assumes no responsibility for the design, acquisition, construction, improvement, or operation of the Project, all of which shall be the responsibility only of the Company.

**7. THE BONDS SHALL NOT BE A GENERAL OBLIGATION OF METRO GOVERNMENT, A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER, NOR AN INDEBTEDNESS OF METRO GOVERNMENT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE COMMONWEALTH, BUT SHALL BE PAYABLE SOLELY FROM THE RENTAL PAYMENTS TO BE MADE BY THE COMPANY PURSUANT TO THE LEASE AND ANY COLLATERAL**

**SECURITY FOR THE BONDS, WHICH MAY INCLUDE A MORTGAGE ON THE PROJECT.**

8. This resolution shall take effect upon its adoption.

INTRODUCED, SECONDED, AND GIVEN FIRST READING at a duly convened regular meeting of the Louisville/Jefferson County Metro Council held on April 15, 2010.

GIVEN SECOND READING AND ADOPTED at a duly convened regular meeting of the Louisville/Jefferson County Metro Council held on April 27, 2010.

\_\_\_\_\_  
Kathy Herron  
Metro Council Clerk

\_\_\_\_\_  
Thomas L. Owen  
President of the Council

\_\_\_\_\_  
Jerry E. Abramson, Mayor

Approved: \_\_\_\_\_  
Date

APPROVED AS TO FORM AND LEGALITY:

Michael O'Connell  
Jefferson County Attorney

By: \_\_\_\_\_  
James T. Carey  
Assistant County Attorney

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